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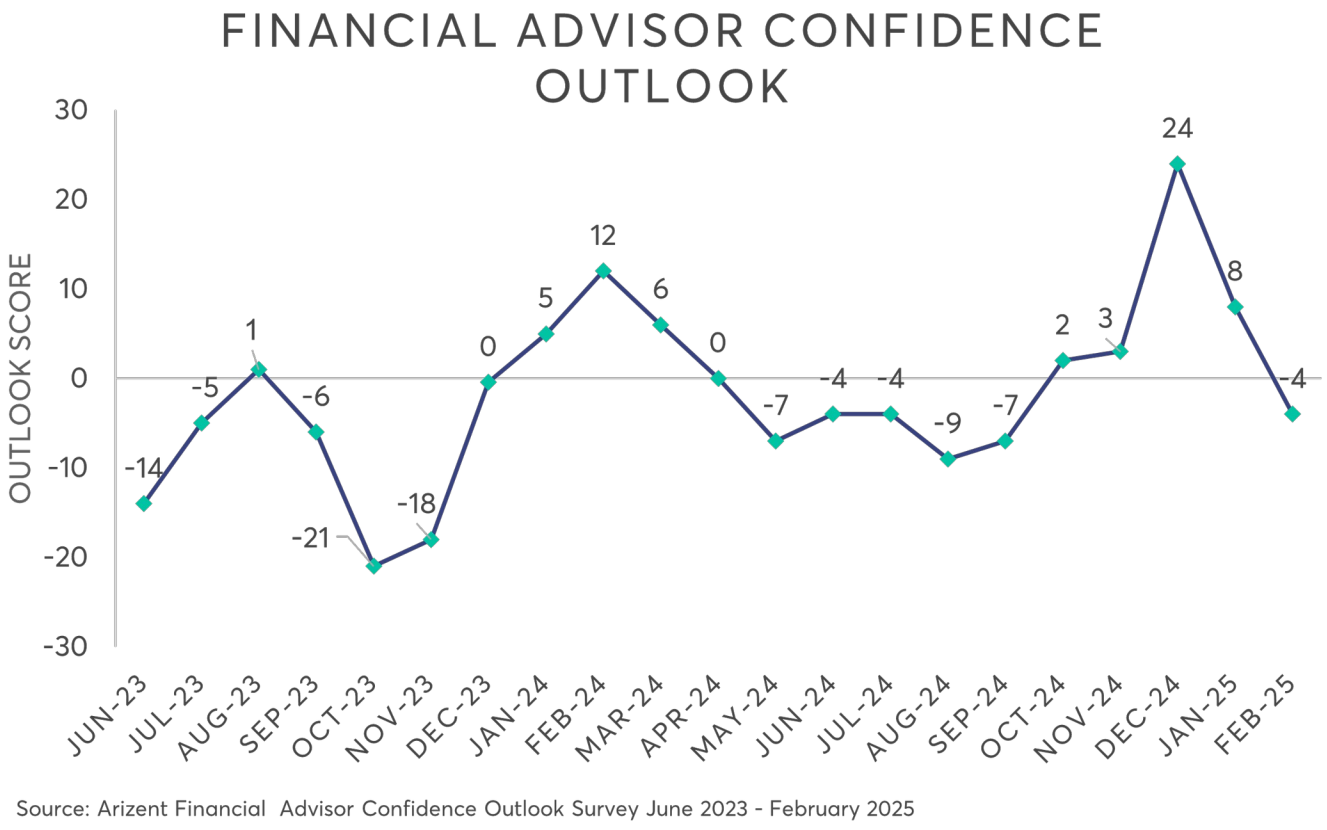
Policy, economic concerns sinking advisor confidence
By Rob Burgess
February 18, 2025, 3:23 p.m. EST

In February, financial advisor confidence levels sank into negative territory for the first time in six months, mainly fueled by concerns about the broader economy and the bevy of new policies by President Donald Trump.

That's the overall sentiment reflected in data from this month's Financial Advisor Confidence Outlook (FACO), a survey of financial advisors and planners by Financial Planning. Every month, FACO surveys hundreds of advisors and measures their confidence on a scale of minus-100 to 100.

FACO's overall confidence score rose by a record-breaking 21 points, from 3 in November to 24 in December — the highest the score has been since FACO began in June 2023.

But in January's survey, the outlook took a 16-point nose-dive back down to 8. That figure fell even further in February to minus-4. That's the first time the score has been below zero since September 2024, when it was minus-7.

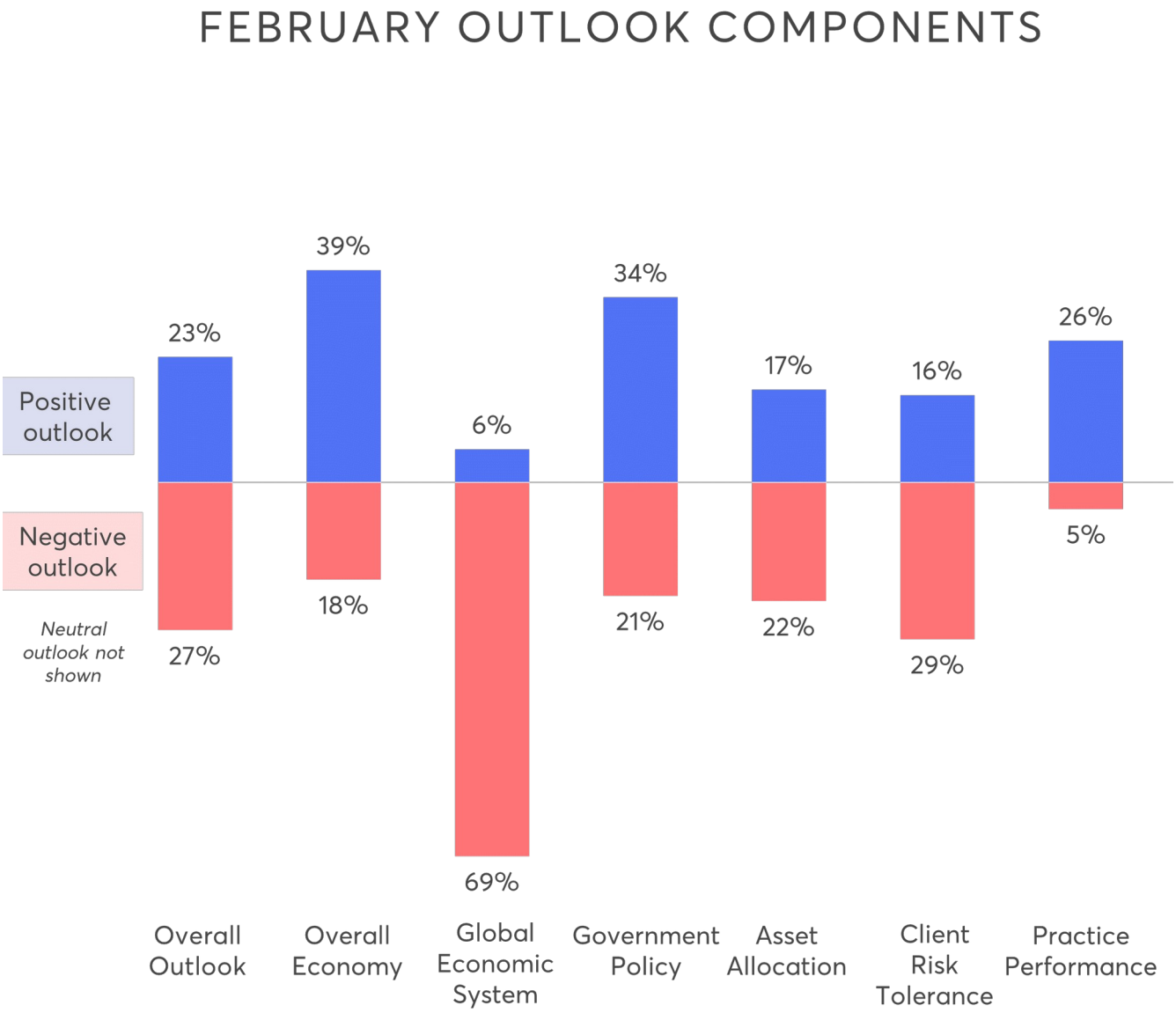


Source: Arizent Financial Advisor Confidence Outlook Survey June 2023 - February 2025

Ongoing concerns over the radical change in direction Trump is taking in his first few weeks in office had some advisors particularly concerned.

One advisor said there is "a lot of uncertainty right now with the tariffs and international relations."

"Some clients are nervous in the short term due to the speed at which President Trump … hopes to make changes," said another advisor.



Source: Arizent Financial Advisor Confidence Outlook Survey February 2025
Base: 201 Financial Advisors

As a result, government policy confidence was down from 25 in January to 13 in February.

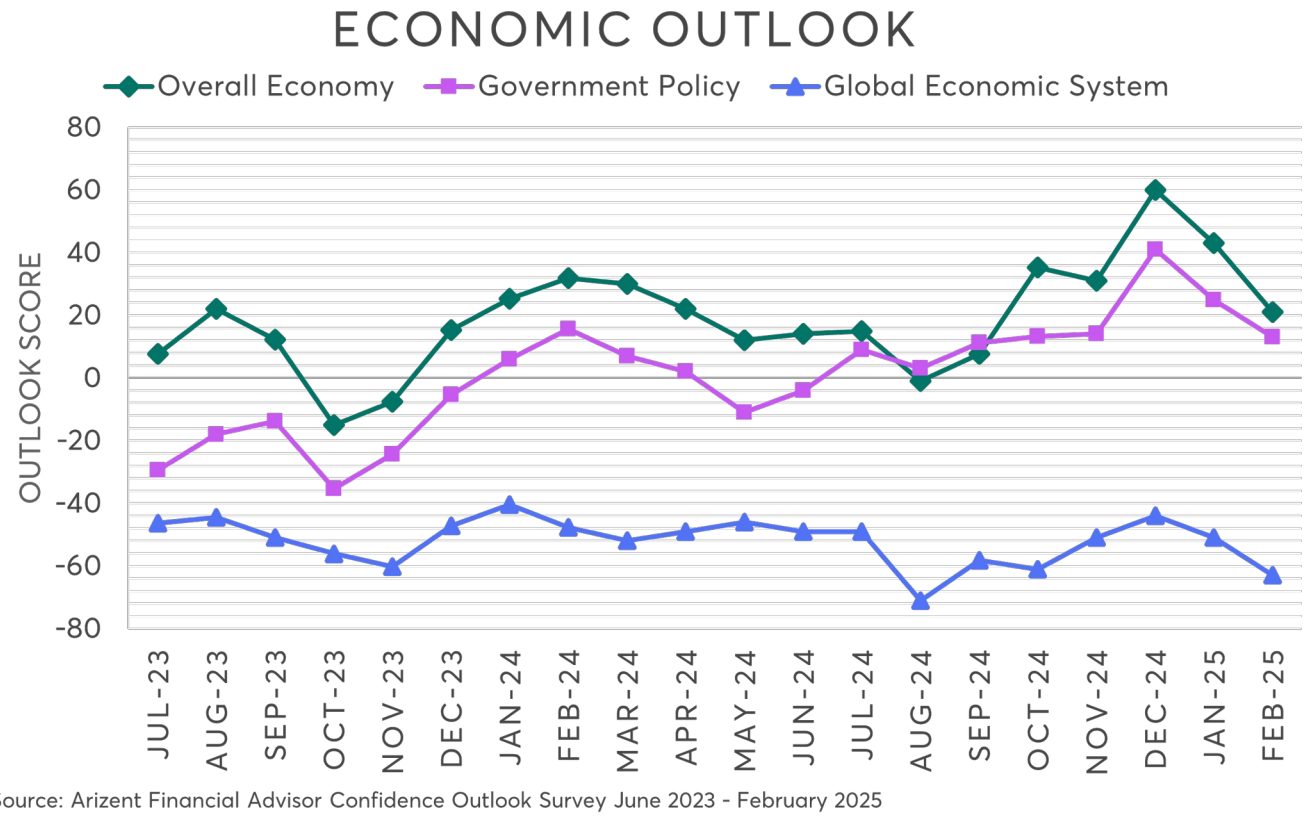
"I am married to a federal employee, and I'm concerned with that," said one

advisor. "I feel like we are in unprecedented and unpresidential times."

Another advisor said they have encountered "a lot of fear and uncertainty at the moment that Trump will send back a lot of our clients, mostly Filipinos, back to the Philippines, and that may mean liquidating their positions."

The most precipitous drop of any category was in confidence in the overall economy, which fell from 43 in January to 21 in February.

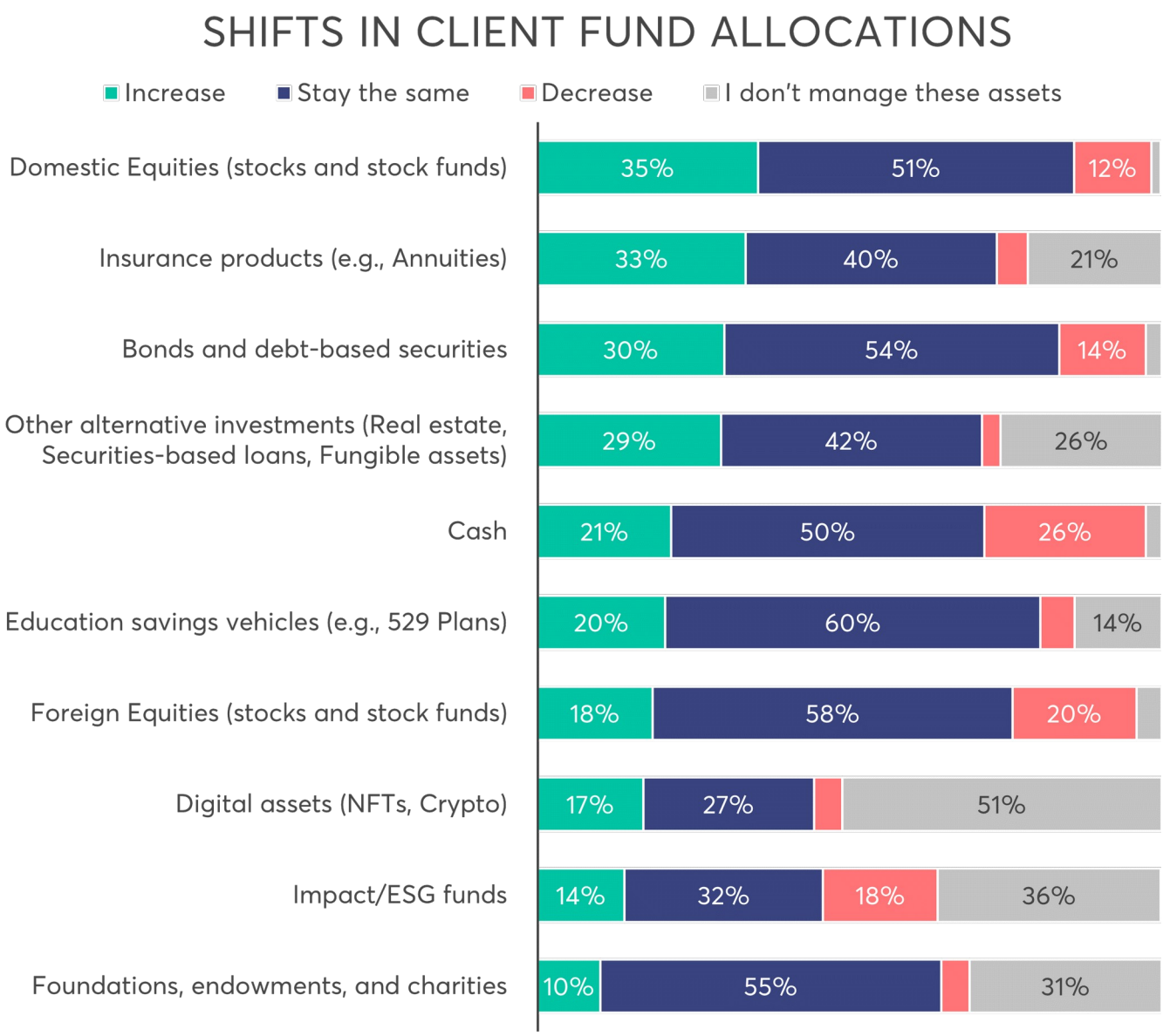
Faith in the global economic system was down, as well, dropping from minus-51 in January to minus-63 in February.



Source: Arizent Financial Advisor Confidence Outlook Survey June 2023 - February 2025

One advisor cited the uncertainty of tariffs and the future of the Federal Reserve's funds rate.

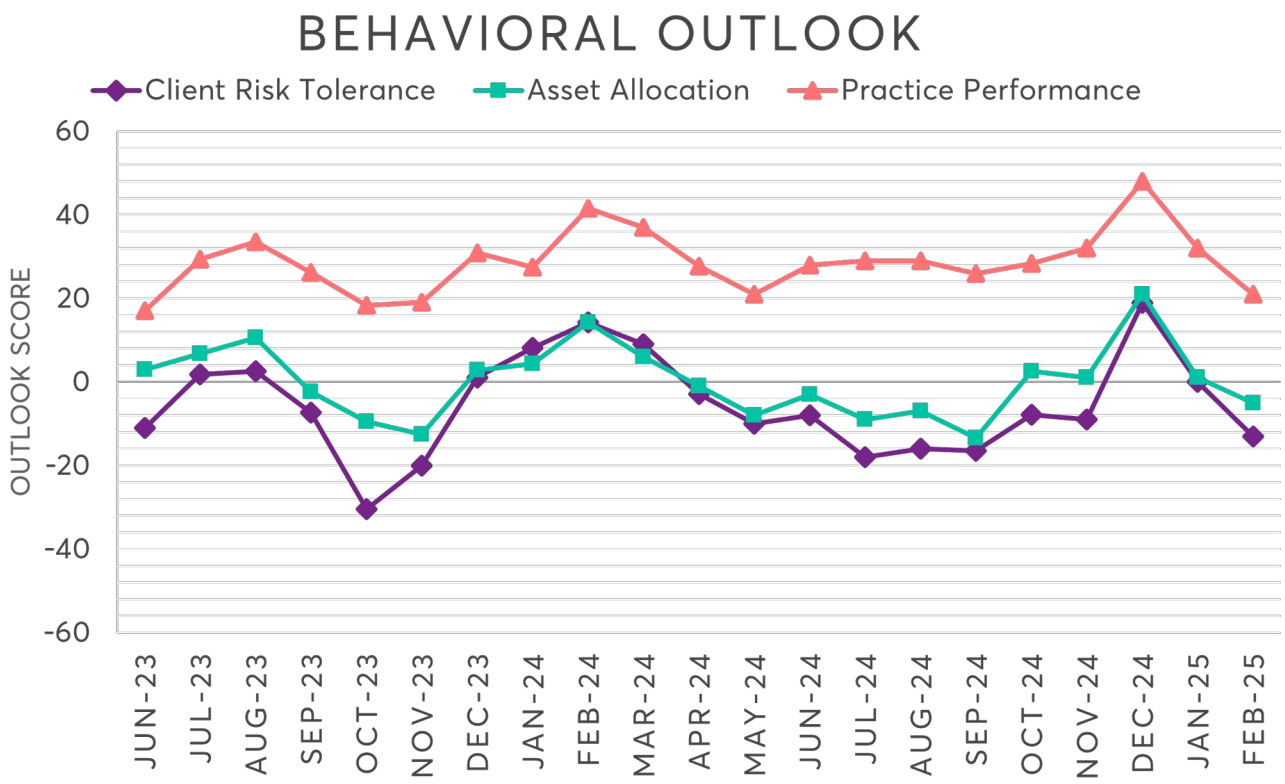
"Inflation [is] still an issue," they said. "Things are way more expensive for a lot of people."



Source: Arizent Financial Advisor Confidence Outlook Survey February 2025
How do you expect the distribution of funds you manage to shift among these different asset types in the coming month? In the coming month I expect the proportional allocation of funds I manage will…
Base: 201 Financial Advisors

The outlook for asset allocations was down as well, but not by as much as other categories. That category dropped from 1 in January to minus-6 in February.

"Client preferences and behaviors are evolving, leading us to adjust our service offerings to better meet their changing needs and expectations," said one advisor.



Source: Arizent Financial Advisor Confidence Outlook Survey June 2023 - February 2025

Client risk tolerance also took a beating, dipping into the red from a starting point of zero in January down to minus-13 in February.

"Fluctuations in financial markets create uncertainty, influencing client investment strategies and risk appetite," said one advisor.

Faith in practice performance was lower as well, dipping from 32 in January to 21 in February.

One advisor said they were concerned about the higher expenses to run a practice, not the least of which is the various insurance policies involved, including errors and omissions, cybersecurity, business owners and excess liability.

Another advisor cited "finding talent" as an ongoing problem for their business.

"The talent pool is small and expectations of pay are high for fresh advisors," they said. "They don't understand firm ownership and just see the large paychecks offered by venture capital-backed larger firms."